

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:743
ANSWERED ON:03.03.2008
LOSSES IN POSTAL DEPARTMENT
Jindal Shri Naveen

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the postal department has been incurring losses for the last two years and during the current year;
- (b) if so, the details thereof along with the reasons for losses;
- (c) whether the private courier services with better efficiency have made a dent in the postal revenues;
- (d) if so, the extent thereof; and
- (e) the steps being taken to offset the losses?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) Sir, the services of Department of Posts are not being run on profit and loss basis. Department of Posts provides services with basic objective of universal service obligation and most of its services are highly subsidized to cater to the 'common man' specially in the rural & remote areas of the country. The revenue earned by Department in this process, therefore, falls short of the expenditure and there is a revenue deficit.

(b) Sir, the revenue deficit of the department is furnished below:

Year	Amount in crores
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2005-06	1209.88
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2006-07	1249.52
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The revenue deficit of the Department has been anticipated/provisioned at Rs.1291.34 crores in RE 2007-2008 submitted to Ministry of Finance.

The deficit of the Department is largely due to the following reasons:

- (i) Nearly eighty nine percent of the expenditure is incurred on mandatory items like salary, pension of staff etc.
- (ii) Rates of most of the Postal Services has been highly subsidized to cater to the common man as the department is providing a host of services as a part of Universal Service Obligation as per the policy of Government.
- (c) & (d) As per a market survey conducted by the Department, the market share of Speed Post vis-à-vis the major private players in the express mail industry is 27.55%. However, the focus of the private players in the express mail industry is the corporate sector and the urban areas.
- (e) The Department has been taking steps to increase the revenue through introduction of new products, market development activities and adoption of customer oriented strategies. Speed Post, Business Post, Express Post, Retail Post, etc. as a premium service has been consistently growing. The Department of Posts is also using its vast network for retailing of financial products and services agency function thereby adding to the Department's revenue. Moreover, Department has also included value added money transfer services to its portfolio like Instant Money Order service and International Money Transfers.